

New HSCA Rate Goes into Effect This January

Businesses subject to the Hazardous Substance Cleanup Act (HSCA) should be aware that a new tax rate of 1.0429% will be going into effect on January 1, 2020. This will apply to the taxable gross receipts from the sale of petroleum or petroleum products. The Division of Revenue will be updating the rate in their online system before the effective date of January 1, 2020. The tax rate is currently 1.5244%, through December 31, 2019.

Legislation was passed in 2018 calling for future rate increases to be based on a lookback period. These adjustable rates cannot be lower than 0.675% or greater than 1.675%, and are calculated by multiplying 0.9% (the original rate) by a fraction – the numerator of which is \$15,000,000 and the denominator of which is the total collections in the fund during the lookback period (July 1 to June 30 of the prior year). The HSCA was passed by the Delaware General Assembly in July of 1990 to ensure funding for the cleanup of facilities with a release or imminent threat of release of hazardous substances. The Department of Natural Resources and Environmental Control has identified over 700 sites in Delaware as potential hazardous substance release sites.

If you have questions about the new adjustable tax rate, please contact the Delaware Division of Revenue at (302) 577-8205.